Credit Conditions Survey

2012

Notes to readers

The Credit Conditions Survey was conducted between January and March of 2013. The questions were fact-based and focused on financing sought by small enterprises (1 to 99 employees) during the 2012 calendar year.

A total of 2,610 small businesses completed the questionnaire, which included 27 questions. This is the second largest Canadian survey on small business financing. The margin of error is 1.9% for questions addressed to all respondents. R.A. Malatest & Associates administratered the survey for Industry Canada.

The following tables present the key statistics from this survey.

Table 1: Request Rates, Approval Rates and Average Amounts Authorized, 2012

Type of Financing	Request Rate	Approval Rate*	Average Amount Authorized
Debt Financing	26	89	$340,000
Leasing	8	95	$193,000
Equity Financing	4	-	-
Trade Credit	8	-	-

*A request that received either full approval or partial approval was considered "approved".

Table 2: Debt Financing (Long Term Vs. Short Term), 2012

Type of Debt	Request Rate	Approval Rate*	Average Interest Rate	% Collateral Required	Average Amount Authorized
Long Term**	12	88	6	84	$593,000
Short Term***	19	87	5	70	$288,000
Overall	26	89	5	76	$340,000

*A request that received either full approval or partial approval was considered "approved".
**Non-residential mortgages and term loans
***Business lines of credit and credit cards

Table 3: Debt Financing By Enterprise Characteristics, 2012

	Request Rate	Approval Rate*	Average Amount Authorized
Number of Employees			
1 to 4	20	85	$153,000
5 to 9	27	92	$284,992
10 to 19	34	90	$247,297
20 to 99	38	91	$904,559
Region			
Atlantic	26	96	$326,000
Quebec	28	90	$212,000
Ontario	25	83	$339,000
Manitoba-Saskatchewan	21	97	$272,000
Alberta	23	88	$323,000
British Columbia & Territories	29	94	$552,000
Industry			
Accommodation and Food	17	79	$130,000
Construction	37	88	$649,000
Manufacturing	26	81	$426,000
Agriculture and Fishing, Forestry, and Oil and Mining	33	94	$539,000
Professional Services	21	84	$134,000
Transportation/Warehousing	29	91	$198,000
Retail Trade	26	89	$318,000
Wholesale Trade	19	91	$195,000
Retail and Wholesale	25	89	$305,000
Age of Business			
3 years old or younger	32	82	$256,000
4 to 10 years old	25	88	$179,000
More than 10 years old	25	90	$408,000
Exporting Activities			
Exporter	28	85	$403,000
Non-Exporter	25	89	$332,000
Innovation			
Product	32	89	$464,000
Process	35	88	$479,000
Organizational	37	85	$519,000
Marketing	35	87	$415,000
Innovator**	32	89	$412,000
Non-Innovator	20	89	$227,000
Gender of Majority Owner			
Male	27	89	$335,000
Female	24	88	$176,000
Jointly Owned	22	89	$568,000
Education Level of Majority Owner			
Less than high school	19	89	$225,000
High school diploma	22	91	$257,000
College/Cegep/Trade school diploma	30	88	$279,000
Bachelor Degree	27	88	$534,000
Masters Degree or above	26	88	$291,000
Experience Level of Majority Owner			
5 years or less	26	85	$161,000
6 to 10 years	23	90	$198,000
More than 10 years	27	89	$384,000
Age of Majority Owner			
Younger than 40 years old	28	87	$344,000
40 to 49 years old	27	91	$184,000
50 to 64 years old	26	88	$399,000
65 years old or older	15	90	$571,000

*A request that received either full approval or partial approval was considered "approved".

**A firm that developed or introduced a product, process, organizational or marketing innovation was considered an "innovator".

Table 4: Main Reason for Not Seeking Debt Financing, 2012

Reason	%
Financing not needed	86
Investment project postponed	2
Thought request would be turned down	4
Applying for financing too difficult	5
Cost of financing too high	2
Other reason	2

Table 5: Main Intended Use of Debt Financing, 2012

Intended Use	%
Fixed asset	35
Working/Operating capital	44
Research and development	2
Debt consolidations	7
Enter a new market	10
Other use	2

Table 6: Export Destinations, 2012

Destination	%
Local municipality or region	76.5
Rest of province/territory	15.7
Rest of Canada	4.5
Rest of the world	3.3